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Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

PAID UP OIL AND GAS LEASE

(No Surface Use)

THIS LEASE AGREEMENT is made this 16 th day of	SEPTEMBER	, 2008, by and between
whose addresss is 115 ECS+ TENE OVEN and, DALE PROPERTY SERVICES, LL.C., 2100 Ross Avenue, Suite 1871 hereinabove named as Lessee, but all other provisions (including the complet 1. In consideration of a cash bonus in hand paid and the covenant described land, hereinafter called leased premises:	O Dallas Texas 75201, as Lessee. All printed	asor and Lessee.
acres of LAND, MORE OR LESS, BEING LOOUT OF THE THUGAN SOUTHEOUST TARRANT IN VOLUME 388 PAGE	OT(S)ADDITI COUNTY, TEXAS, ACCORDING TO OF THE PLAT RECORDS OF	BLOCK LLZ ON, AN ADDITION TO THE CITY OF THAT CERTAIN PLAT RECORDED TARRANT COUNTY, TEXAS.
in the County of Tarrant State of TEXAS, containing preversion, prescription or otherwise), for the purpose of exploring for, deversion, prescription or otherwise), for the purpose of exploring for, deversubstances produced in association therewith (including geophysical/selsr commercial gases, as well as hydrocarbon gases. In addition to the above land now or hereafter owned by Lessor which are contiguous or adjacent to Lessor agrees to execute at Lessee's request any additional or supplemental of determining the amount of any shut-in royalties hereunder, the number of g	loping, producing and marketing oil and gas, at mic operations). The term "gas" as used her-described leased premises, this lease also covides above-described leased premises, and, in clinstruments for a more complete or accurate details.	long with all hydrocarbon and non hydrocarbon rain includes helium, carbon dloxide and other are accretions and any small strips or parcels of consideration of the aforementioned cash bonus, scription of the land so covered. For the purpose
 This lease, which is a "paid-up" lease requiring no rentals, shall be it as long thereafter as oil or gas or other substances covered hereby are produ 	in force for a primary term of	years from the date hereof, and for es or from lands pooled therewith or this lease is
otherwise maintained in effect pursuant to the provisions hereof. 3. Royalties on oil, gas and other substances produced and saved he separated at Lessee's separator facilities, the royalty shall be The North Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportat the wellhead market price then prevailing in the same field (or if there is no prevailing price) for production of similar grade and gravity; (b) for gas The North Leve Percent (25 %) of the proceeds production, severance, or other excise taxes and the costs incurred by Less Lessee shall have the continuing right to purchase such production at the pronouching price then prevailing in the same field, then in the nearest field in with same or nearest preceding date as the date on which Lessee commence more wells on the leased premises or lands pooled therewith are capable of are waiting on hydraulic fracture stimulation, but such well or wells are either be deemed to be producing in paying quantities for the purpose of maintaini there from is not being sold by Lessee, then Lessee shall pay shut-in royal Lessor's credit in the depository designated below, on or before the end of shall be the well or wells are shut-in or production there from is not being sold by Lessee from another well or wells on the leased premises of following cessation of such operations or production. Lessee's failure to production.	FIVE PRIVERY (1.5 %) of such prior facilities, provided that Lessee shell have the or such price then prevailing in the same field, the first classifier of the prevailing in the same field, the first classifier of the provided from the sale thereof, lessee in delivering, processing or otherwise market evailing wellhead market price paid for production hich there is such a prevailing price) pursuant to sells purchases hereunder, and (c) if at the end either producing oil or gas or other substances of shut-in or production there from is not being solding this lease. If for a period of 90 consecutive of ty of one dollar per acre then covered by this lead 90-day period and thereafter on or before end to be the provided that if this lease is otherwise or lands pooled therewith, no shut-in royalty sha	production, to be delivered at Lessee's option to a continuing right to purchase such production at hen in the nearest field in which there is such a batances covered hereby, the royalty shall be a proportionate part of ad valorem taxes and ting such gas or other substances, provided that in of similar quality in the same field (or if there is a comparable purchase contracts entered into on of the primary term or any lime thereafter one or covered hereby in paying quantities or such wells by Lessee, such well or wells shall nevertheless days such well or wells are shut-in or production asse, such payment to be made to Lessor or to shall an analyersary of the end of said 90-day period to being maintained by operations, or if production ill be due until the end of the 90-day period next
terminate this lease. 4. All shut-in royalty payments under this lease shall be paid or tender be Leasor's depository agent for receiving payments regardless of changes in draft and such payments or tenders to Lessor or to the depository by deposite address known to Lessee shall constitute proper payment. If the depository payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper payment. If the depository payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper payment. If the depository payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper payment. If the depository payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper production (whether or not in pursuant to the provisions of Paragraph 6 or the action of any government nevertheless remain in force if Lessee commences operations for reworking on the leased premises or lands pooled the end of the primary term, or at any time thereafter, this lease is not other operations reasonably calculated to obtain or restore production therefrom, it no cessation of more than 90 consecutive days, and if any such operations there is production in paying quantities from the leased premises or lands pooled to (a) develop the leased premises as to formations then capable of productional mells except as expressiv provided herein.	In the ownership of sald land. All payments or ten- it in the US Malls in a stamped envelope addres should flouidate or be succeeded by another ins- oper recordable instrument naming another institu- l which is incapable of producing in paying quant- paying quantities) permanently ceases from an intal authority, then in the event this lease is a n existing well or for driffling an additional well etion of operations on such dry hole or within 90 erwise being maintained in force but Lessee is nis lease shall remain in force ad long as any one result in the production of oil or gas or other is octed therewith. After completion of a well cape and therewith as a reasonably prudent operator we cling in paying quantities on the leased premises on other lands not pooled therewith. There sha	ders may be made in currency, or by check or by sed to the depository or to the Lessor at the fast titution, or for any reason fail or refuse to accept ution as depository agent to receive payments. Itities (hereinafter called "dry hole") on the leased y cause, including a revision of unit boundaries not otherwise being maintained in force it shall not for otherwise obtaining or restoring production days after such cessation of all production. If at then engaged in drilling, reworking or any other er more of such operations are prosecuted with ubstances covered hereby, as long thereafter as able of producing in paying quantities hereunder, and drill under the same or similar circumstances or lands pooled therewith, or (b) to protect the ill be no covenant to drill exploratory wells or any
6. Lessee shalt have the right but not the obligation to pool all or any depths or zones, and as to any or all substances covered by this tease, ei proper to do so in order to prudently develop or operate the leased premises unit formed by such pooling for an oil well which is not a horizontal completi horizontal completion shall not exceed 640 acres plus a maximum acreage to completion to conform to any well spacing or density pattern that may be preof the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed, "oil well" means a well with an initial gas-oil ratio of less than 10d feet or more per barrel, based on 24-hour production test conducted und equipment; and the term "horizontal completion" means an oil well in which component thereof. In exercising its pooling rights hereunder, Lessee shall Production, drilling or reworking operations anywhere on a unit which include reworking operations on the leased premises, except that the production on the acreage covered by this tease and included in the unit bears to the tot Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling the formed hereunder by expansion or contraction or both, either before making such a revision, Lessee shall file of record a written declaration des leased premises is included in or excluded from the unit by virtue of such re be adjusted accordingly. In the absence of production in paying quantities in a written declaration describing the unit and stating the date of termination.	ther before or after the commencement of prod s, whether or not similar pooling authority exists van shall not exceed 80 acres plus a maximum a olerance of 10%; provided that a larger unit may escribed or permitted by any governmental author is prescribed by applicable law or the appropriate 1,000 cubic feet per barrel and "gas well" means der normal producing conditions using standant ich the horizontal component of the gross comple it file of record a written declaration describing it udes all or any part of the leased premises shall he that all gross acreage in the unit, but only to the ext and rights hereunder, and Lessee shall have the to or after commencement of production, in order to cribing the revised unit and stating the effective evision, the proportion of unit production of thereof,	uction, whenever Lessee deems it recessary to with respect to such other lands or interests. The creage tolerance of 10%, and for a gas well or a be formed for an oil well or gas well or horizontal any having jurisdiction to do so. For the purpose a well with an initial gas-oil retto of 100,000 cubic of lease separator facilities or equivalent testing pitellon interval in facilities or equivalent testing pitellon interval in facilities or equivalent testing pitellon interval in facilities or equivalent testing lition Interval in the reservoir exceeds the vertical the unit and stating the effective date of pooling, all be treated as if it were production, drilling or at proportion of the total unit production which the tent such proportion of unit production is sold by recurring right but not the obligation to revise any o conform to the well spacing or density pattern nation made by such governmental authority. In date of revision. To the extent any portion of the troyalties are payable hereunder shall thereafter.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the teased premises or lands pooled therewith shall be reduced to the proportion that Lesson's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferse to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to lime, deliver to Lessor or file of record a written relea

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be refleved of all obligations thereafter arising with respect to the interest so released, if Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the not expected interest retained because of

If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and markeling oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the teased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands during the term of this lease or wi

now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebettion, insurrection, riot, strike or labor disputes, or by linability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor bereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have

written notice fully describing the breach or default, and then only if Lessee falls to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the teased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-n royalties otherwise payable to Lessor hereunder. In the event tessee is made aware of any claim inconsistent with Lessor's title Lessee may suspend the payment of mysties and shut-in govalties hereunder. Without interest, until Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's

neira, deviaces, executora, auministratora, auccessora and dasigns,	, whether or northis lease has	been executed by all polities helemanove harried as coston.
LESSOR (WHETHER ONE OR MORE)		
Hundrid I Klassinger		
By:	Ву:	
Devalia J. Huezo		
	ACKNOWLEDGMEN	rr
STATE OF TEXAS COUNTY OF TORMAN	uth bio	Like
This instrument was acknowledged before me on the by: DOVO IC. T. TILE ACCUSED TO THE	DETONO TEP	<u>temet</u> , 2008,
	C	Kushard. Packer - Pock
KISHA G. PACKER POLK		Nolary Public, State of TEXCIS Notary's name (printed):
Notary Public, State of Texas Mly Commission Expires April 15, 2012		Notary's name (printed): Notary's commission expires: 4/15/16
STATE OF		
COUNTY OF This instrument was acknowledged before me on the	day of	, 2008,
by:		
		Notary Public State of



DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

DALLAS

TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> <u>WARNING - THIS IS PART OF THE OFFICIAL RECORD.</u>

Filed For Registration:

12/08/2008 01:50 PM

Instrument #:

D208448314

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\$20.00

D./-

D208448314

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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